



Question and Answer with Office of Management and Budget Director Jim Nussle

February 13, 2008

Ways and Means Committee Hearing on the President's Fiscal Year 2009 Budget

-- Mr. HERGER. Thank you, Mr. Director.

-- One of the most serious problems we are facing, as you mentioned in your testimony, as a nation is the future of Social Security and Medicare entitlements. I want to commend the Administration for offering some constructive proposals to address these fiscal challenges. The trustees' report that Medicare is going to start paying out more than it takes in from taxes in just three years. Social Security goes into the red just a few years later.

-- All told, under the current system, the taxpayers would be on the hook for \$53 trillion. Because Congress is currently spending the entire surplus from the trust funds every year, this will result in the type of crowd out effect as trust fund IOUs come due and a growing portion of discretionary spending is dedicated to repaying borrowed surpluses. How do you or how do we dig ourselves out of this hole? What are the risks, as John F. Kennedy, said to comfortable inaction?

-- Mr. Nussle. Well, if I may, I will respond very quickly. It is the same--using your analogy, if you are in a hole, not only do you have to stop digging but you have to start filling it back in shovelful by shovelful. Again, I think--I take it very seriously what the Committee has told me today, that you are not going to adopt these reforms when it comes to Medicare as an example.

-- I am not suggesting that these reforms are perfect or are the only way you can resolve this. You are going to have a hearing this afternoon where the Secretary of Health will, I think, engage in a health care reform discussion with you that hopefully will go even further.

-- But the order of magnitude I would suggest to you is about right, taking one-third of the problem, knowing that as you say that, in just three years, we're running the deficit and in a number of years for Social Security, I think 2017, same type of thing, that the order of magnitude is let's try and tackle at least a third of this right now, knowing that you still have a few more shovelfuls that you are going to have to deal with down the line.

-- Mr. HERGER. Thank you very much.

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